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GINNIE MAE SUMMIT

THE POWER OF PARTNERSHIPS
SEPTEMBER 22-23, 2014 | CRYSTAL CITY, VIRGINIA



GinnieMae

Our Guaranty Matters

Acknowledgment Agreement Workshop

Ginnie Mae Summit
September 23, 2014

Acknowledgment Agreement Background

PURPOSE OF THE AGREEMENT:

- Ginnie Mae recognizes that non-depository issuers require funding to support the needs of government servicers. Given the increase in non-depository issuers, their interest in procuring loans at competitive rates through use of a pledge of MSR collateral is consistent with Ginnie Mae's interest in our issuers' financial success.
- In the event of issuer default, Ginnie Mae strongly prefers that the portfolio be transferred to an eligible, capable issuer rather than assuming responsibility itself. If the Agreement functions properly, the secured creditor of our issuer should be able to assume responsibility for the portfolio itself or transfer it to an eligible issuer.
- The Agreement is a tri-party acknowledgment that a pledge of Ginnie Mae MSRs is in place.

Acknowledgment Agreement Summary

- TRI-PARTY: GINNIE MAE, ISSUER, SECURED CREDITOR
- GINNIE MAE ACKNOWLEDGES THAT A FUNDING AGREEMENT EXISTS BETWEEN THE OTHER PARTIES AND THAT MSR_s ARE PLEDGED
- ONLY ONE SECURED CREDITOR PER ISSUER
- THE ENTIRE ISSUER MSR PORTFOLIO IS UNDER PLEDGE
- FIVE YEAR SUNSET PROVISION

ACKNOWLEDGMENT AGREEMENT SUMMARY

- GINNIE MAE RIGHT TO DEFAULT ISSUER AND OBTAIN THE ISSUER'S SERVICING PORTFOLIO SURVIVE AGREEMENT BUT INTENTION TO PROTECT SECURED CREDITOR IS CLARIFIED
- AGREEMENT TRUMPS UNDERLYING FUNDING AGREEMENT
- SOLE REMEDY OF SECURED CREDITOR IS "TRANSFER OF ISSUER RESPONSIBILITY" TO AN ACCEPTABLE ISSUE, SUBJECT TO GINNIE MAE APPROVAL
- SECURED PARTY ENTITLED TO ISSUER INFORMATION AND CAN ATTEND MEETINGS OF ISSUER AND GINNIE MAE POST-DEFAULT

ACKNOWLEDGMENT AGREEMENT SUMMARY

- STANDBY ISSUE ROLE: TAKES OVER IN EVENT OF ISSUER DEFAULT AND ASSUMES ALL RESPONSIBILITY (BEING RECONSIDERED)
- STANDBY NEED NOT BE APPOINTED AND REMAIN IN PLACE THROUGHOUT AGREEMENT
- IN EVENT OF DEFAULT, SECURED CREDITOR HAS LIMITED TIME TO APPOINT STANDBY ISSUER
- CURRENT AGREEMENT--SAME DAY; REVISED--48 HOUR
- SECURED CREDITOR CURE OPTION: 24 HOURS FOR PAYMENT DEFAULT EXCEPT FOR FRAUD (UP TO GINNIE MAE DISCRETION)
- FAILURE TO CURE: GINNIE TERMINATES OTHERS' RIGHTS AND SECURED PARTY IS LIABLE FOR LOSSES (ISSUE)

ACKNOWLEDGMENT AGREEMENT SUMMARY

- RIGHTS OF SECURED PARTY TO OBTAIN COLLATERAL IN EVENT OF DEFAULT UNDER THE FUNDING AGREEMENT
- REQUEST FOR APPROVAL OF TRANSFER OF ISSUER RESPONSIBILITY: PROCEDURES TO BE FOLLOWED SIMILAR TO OTHER TIR REQUESTS
- TRANSFER AGREEMENT MUST STATE THAT SUBSEQUENT ISSUER WILL ASSUME ALL LIABILITY AND FUND ISSUER'S PORTFOLIO ALONG WITH MAKING PASS-THROUGH REMITTANCES
- GINNIE MAE FINDING OF FRAUD ON PART OF SECURED PARTY EXTINGUISHES ANY RIGHTS IT WOULD OTHERWISE HAVE

ACKNOWLEDGMENT AGREEMENT SUMMARY- NEW REVISIONS AND ISSUES UNDER CONSIDERATION

- PROCEDURES FOR APPLICATION BY AN ISSUER AND SECURED PARTY FOR AN ACKNOWLEDGMENT AGREEMENT (HARLAN JONES)
- **NEW REVISIONS**
- LONGER TIME FOR SECURED PARTY TO SELECT STANDBY
- SECURED PARTY OPTION TO ABANDON MSR_s ON DEFAULT WITHOUT THREAT OF DAMAGES UNLESS THEY ARE DIRECTLY RESPONSIBLE FOR PROBLEMS IN THE PORTFOLIO
- SECURED CREDITOR HAS OPTION TO TERMINATE AGREEMENT ON NOTICE OF DEFAULT ON THE UNDERLYING BORROWING AGREEMENT AND/OR TERMINATION OF THE FUNDING LINE

ACKNOWLEDGMENT AGREEMENT SUMMARY- NEW REVISIONS AND ISSUES UNDER CONSIDERATION

FUTURE STEPS

- REVISED ACKNOWLEDGMENT AGREEMENT AVAILABLE BY OCTOBER 31, 2014
- SEGREGATION OF MSRs and MULTIPLE SECURED CREDITORS PER ISSUER
- SECURED CREDITOR OPTION TO REVIEW PORTFOLIO POST DEFAULT
- ENCOURAGEMENT OF SYNDICATION

OPEN DISCUSSION